

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

May 2007

Summary

Revenue collections slumped in May, declining by 7.4 percent, driven by weak retail sales tax, motor fuels tax, and vehicle licensing fees. On a year-to-date basis, growth is up 1.7 percent, slightly ahead of the forecast of 1.2 percent growth.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor Fuels Tax collections fell by 6.7 percent in May, although much of this decline was due to the timing of road tax refunds. Actual motor fuels tax collections were down 3.1 percent in May. Annual collections through the first eleven months of fiscal year 2007 are down 1.9 percent, behind the 1.0 percent decrease expected in the official forecast.

With the unofficial start of summer (Memorial Day weekend) still in the not-too-distant past, many people are wondering how this summer's gasoline market will turn out. Will we see \$4 a gallon prices widespread throughout the country, as some analysts are predicting, or will we see prices continue to fall and approach \$2.50 per gallon? Prices are expected to decline in June and much of July, before increasing again towards the latter part of summer.

Motor Vehicle Sales and Use Tax

Vehicle sales tax collections increased by 2.3 percent in May. Growth in this source is down 0.8 percent for the year, slightly ahead of the official estimate of a 1.7 percent decline.

The expectation of weaker sales in the coming months is predicated on several factors: continued erosion in consumer credit conditions, tighter lending standards, forward buying of previous years, continuation of the shift by U.S. makers away from reliance on fleet sales and the expectation of higher gasoline prices through the summer.

State Retail Sales Tax

The transportation portion of retail sales tax decreased by 19.4 percent in May. Collections in this source are up 8.6 percent in fiscal year 2007.

Motor Vehicle Licenses

Motor Vehicle Registrations declined by 20.0 percent in May. The drop-off in May collections is the result of a delay in mailing registrations for the month of July due to increase in registration fees as a result of HB3202. A similar decline is expected in June's collections. Motor vehicle license receipts are up 0.3 percent for the year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Selected Revenue Estimates & Collections
For the Fiscal Years 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	May			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	Change	
Motor Fuel Taxes	\$861,600	22.37	\$70,414	\$75,432	(6.7)	\$713,563	\$727,638	(1.9)	(1.0)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	18,000	18,000	0.0	0.0
Motor Vehicle Sales and Use Tax	618,300	16.06	57,209	55,923	2.3	563,571	568,294	(0.8)	(1.7)
State Sales and Use Tax	508,700	13.21	36,061	44,745	(19.4)	470,871	433,484	8.6	6.8
Motor Vehicle License Fees	170,400	4.42	12,674	15,851	(20.0)	153,259	152,727	0.3	0.6
International Registration Plan	62,400	1.62	4,949	4,220	17.3	49,669	50,980	(2.6)	3.0
Interest Earnings	48,200	1.25	60	13	361.5	38,703	22,807	69.7	24.7
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,035	945	9.5	11,156	10,770	3.6	5.9
Total State Taxes and Fees (a)	\$2,302,300	59.78	\$184,402	\$199,129	(7.4)	\$2,018,792	\$1,984,700	1.7	1.2

Percentage is greater than or equal to 1,000%.

(a) Certain Fiscal Year 2007 year-to-date and Fiscal Year 2006 monthly and year-to-date amounts have been reclassified. Refer to (a) on page 5 for additional information.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	May			Year-To-Date			% Annual Growth Required By Est
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$743,300	19.30	\$58,491	\$65,682	(10.9)	\$613,749	\$627,514	(2.2)	(1.2)
Motor Vehicle Sales and Use Tax	381,900	9.92	36,238	34,900	3.8	349,607	352,659	(0.9)	(2.1)
Motor Vehicle License Fees	149,200	3.87	11,171	13,903	(19.7)	133,861	133,736	0.1	0.6
International Registration Plan	62,400	1.62	4,949	4,220	17.3	49,669	50,980	(2.6)	3.0
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,035	945	9.5	11,156	10,770	3.6	5.9
Total State Taxes and Fees	\$1,349,500	35.04	\$111,884	\$119,650	(6.5)	\$1,158,042	\$1,175,659	(1.5)	(1.0)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$4,604	\$2,498	84.3	\$27,330	\$29,087	(6.0)	(100.0)
Miscellaneous Revenues (a)	10,600	0.28	1,375	1,273	8.0	15,806	20,760	(23.9)	(50.8)
Transfer (to) / from Transportation Trust Fund	286,303	7.43	0	0	-	231,205	186,199	24.2	53.8
Total Highway Maintenance and Operating Fund	\$1,646,403	42.75	\$117,863	\$123,421	(4.5)	\$1,432,383	\$1,411,705	1.5	2.4
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$118,300	3.07	\$11,923	\$9,750	22.3	\$99,814	\$100,124	(0.3)	(0.1)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	18,000	18,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	236,400	6.14	20,971	21,023	(0.2)	213,964	215,635	(0.8)	(0.9)
State Sales and Use Tax	508,700	13.21	36,061	44,745	(19.4)	470,871	433,484	8.6	6.8
Motor Vehicle License Fees	21,200	0.55	1,503	1,948	(22.8)	19,398	18,991	2.1	0.6
Interest Earnings	48,200	1.25	60	13	361.5	38,703	22,807	69.7	24.7
Total State Taxes and Fees	\$952,800	24.74	\$72,518	\$79,479	(8.8)	\$860,750	\$809,041	6.4	4.4
Other Revenues:									
Federal Grants and Contracts	\$1,354,852	35.19	\$53,967	\$61,289	(11.9)	\$559,162	\$435,969	28.3	181.8
Receipts from Cities/Counties (a)	69,303	1.80	1,827	3,471	(47.4)	41,667	42,625	(2.2)	46.4
Toll Revenues (Includes Route 28)	96,447	2.50	9,685	7,443	30.1	96,750	102,368	(5.5)	(15.0)
Miscellaneous Revenues	17,391	0.45	3,052	2,356	29.5	19,853	15,793	25.7	(21.0)
Total Other Revenues	\$1,537,993	39.94	\$68,531	\$74,559	(8.1)	\$717,432	\$596,755	20.2	131.8
Transfer (to) / from Highway Maintenance and Operating Fund	(\$286,303)	(7.43)	\$0	\$0	-	(\$231,205)	(\$186,199)	(24.2)	(53.8)
Total Transportation Trust Fund	\$2,204,490	57.25	\$141,049	\$154,038	(8.4)	\$1,346,977	\$1,219,597	10.4	58.6
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,850,893	100.00	\$258,912	\$277,459	(6.7)	\$2,779,360	\$2,631,302	5.6	28.4

Percentage is greater than or equal to 1,000%.

(a) A new line, "Miscellaneous Revenues", was added to the Highway Maintenance and Operating Fund Revenue Forecast. A portion of the amounts previously reported in "Miscellaneous Taxes, Fees, and Revenues" and "Receipts from Cities/Counties" were reclassified to "Miscellaneous Revenues." In order to provide comparable data, the Fiscal Year 2007 and Fiscal Year 2006 monthly and year-to-date amounts were likewise reclassified.